

ORIGINAL

Clerk
District Court

MAY 18 2006

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For The Northern Mariana Islands
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6 Attorney for Kan Pacific Saipan Ltd., Arenas Enterprises, Inc.; Commonwealth Pacific
7 International, Inc.; Full House, Inc.; and Ta Bun Kuy

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IN THE UNITED STATES DISTRICT COURT
FOR THE
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

SAIPAN HANDICRAFT,

Plaintiff,

vs.

MICRONESIAN WOODCRAFT ENT., INC.
ET AL.,

Defendants.

Civil Action No. 05-0040

OPPOSITION TO EXPANDED
PRELIMINARY INJUNCTION

Time: 9:30 a.m.

Date: May 19, 2006

Kan Pacific Saipan, Ltd.; Arenas Enterprises, Inc.; Commonwealth Pacific
International, Inc.; Full House, Inc.; and Ta Bun Kuy respond to Plaintiff's request for an
expanded preliminary injunction.

Plaintiff Makes No Showing That These Four Defendants Should Be Enjoined

It is axiomatic that the Court cannot enjoin a defendant from producing or selling
an item in competition with the Plaintiff unless the Plaintiff shows that the particular
defendant is unlawfully harming the Plaintiff. The Plaintiff admits that "Handicraft
should show that Defendants are using a mark confusingly similar to Handicraft's valid
protectable trademark." Plaintiff's Memorandum in Support of Motion for Expanded

1 Preliminary Injunction at 7. Here, the Plaintiff makes no showing whatsoever that these
 2 four defendants are transgressing any accepted or likely mark of Plaintiff's.

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 4 The exhibits filed by the Plaintiff in support of his request for an expanded
 5 preliminary injunction raise issues with respect to straw men, not entitles before this
 6 Court. The declaration of Joe C. Cabrera filed by Plaintiff does not reference any of
 7 these four defendants or any of the defendants for that matter except for Haney and Lee,
 8 Byung Deuk. *See also* Exhibits D, E, F G, I, and J to Plaintiff's Memorandum in Support
 9 of Motion for Expanded Preliminary Injunction (no reference to the defendants). The
 10 only purported evidence to these four defendants is the naked, first amended complaint
 11 ("FAC"). While verified, the FAC is not based on personal knowledge and lacks any
 12 specificity with respect to facts.

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 14 The verified first amended complaint states "on information and belief," in broad,
 15 conclusory terms, that the four defendants engaged in trademark violations.¹ *See* First
 16 Amended Complaint, ¶¶ 10, 16, 16, 17, 23. That is the sum total of the evidence against
 17 these defendants and should be insufficient to stop competition and trade.²

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 19 The value for this Court from a verified complaint is its equivalence to affidavits
 20 based upon personal knowledge. *See McElyea v. Babbitt*, 833 F.2d 196, 197 (9th

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 22 ¹ The term "information and belief" indicates that the allegations are not based on
 23 the firsthand knowledge of the person making the allegation, but the person nevertheless,
 24 in good faith, believes the allegation to be true. *See Dorsey v. National Enquirer, Inc.*, 973 F.2d 1431, 1437 (9th Cir. 1992), *citing to* Black's Law Dictionary 701 (5th ed. 1979).

25 ² *See* RESTATEMENT (THIRD) UNFAIR COMPETITION, § 16, *cmt. a.: Scope*. The
 26 freedom to engage in business and to compete for the patronage of prospective
 27 purchasers generally includes, in the absence of a patent or copyright, the freedom to
 28 copy the goods and marketing methods of others. However, the freedom to copy is
 qualified by the law of trademarks to the extent necessary to prevent confusion as to the
 source or sponsorship of goods or services.

1 Cir.1987) (A plaintiff's verified complaint may be considered as an affidavit in opposition
2 to summary judgment if it is based on personal knowledge and sets forth specific facts
3 admissible in evidence.); *Ward v. Moore*, 414 F.3d 968, 970 (8th Cir. 2005) ("Because
4 Ward verified her second amended complaint under penalty of perjury, it is the
5 equivalent of an affidavit and can serve as her response to the defendants' summary
6 judgment motion under Federal Rule of Civil Procedure 56(e)").

8 That is not to say that the Court cannot consider the unsupported information and
9 belief in granting a preliminary injunction; however, more than conclusory hearsay in a
10 complaint should be required. *See Marshall Durbin Farms, Inc. v. National Farmers*
11 *Organization, Inc.*, 446 F.2d 353, 357 (5th Cir. 1971) ("the district courts have shown
12 appropriate reluctance to issue such orders where the moving party substantiates his side
13 of a factual dispute on information and belief").

15 With first-hand knowledge, Commonwealth Pacific International, Inc., Full
16 House, Inc. and Ta Bun Kuy deny transgressing the marks for which this Court has
17 issued a preliminary opinion and affirm that they have affirmatively taken steps to avoid
18 a dispute. *See Declaration of Ta Bun Kuy*, filed this date. Within the short time allowed
19 for a response, counsel has been unable to obtain declarations from the other defendants.
20 However, there is information available that Saipan Handicraft has no exclusive rights to
21 BoJoBo wishing dolls. *See Declaration of Richard W. Pierce*, filed herewith.

23 Perhaps the individuals that call themselves Saipan Handicraft are frustrated at the
24 inability to sell their product in unfair competition by entities that use the Saipan
25 Handicraft name or perhaps they are merely frustrated by the truism that temporarily
26 faddish products such as wishing dolls and pet rocks do not sell forever. The declining
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1 market may be in part due to the Plaintiff's own making. *See* Kuy Declaration, ¶ 10.
2 Whatever the frustration, the Plaintiff cannot arrest legitimate competition without a
3 showing greater than "information and belief." And to paraphrase this Court's order, at 6,
4 of January 17, 2006, if one defendant is infringing on a protected mark that is entirely
5 distinct from whether another defendant or a non-defendant is infringing.
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7 **Plaintiff Has Not Shown a Likelihood of Success on Expanded Marks**

8 The theme of Plaintiff's motion appears to be that since the Court's order of
9 January 17, 2006, the value of Plaintiff's signature is shown by the fact that certain,
10 unknown entities have utilized the name Saipan Handicraft or a close equivalent, on a
11 BoJoBo wishing doll with a pistachio nut cap and with a packaging card resembling
12 Plaintiff's. *See* Plaintiff's Memorandum, Ex. D and F. Presumably, prior to the Order of
13 January 17, 2006, entities did not copy Plaintiff's name. If it had been copied, Plaintiff
14 would have shown the copying to the Court, and we would now be before the court on
15 the same evidence that produced the January 17th Order.
16

17 If indeed the copying has occurred, the copying is a testament to the validity of
18 the Court's Order, not to a need to an expanded protection for Plaintiff's product. The
19 Court determined that, in likelihood, Plaintiff had a source signature in its name, the
20 pistachio nut hat, and the card as designed and used. With competition present, Plaintiff
21 has emphasized its so-called original BoJoBo wishing doll.
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23 There is no additional evidence to rebut the Court's determination that Saipan
24 Handicraft is unlikely to prevail in its effort to essentially obtain trade dress protection for
25 its entire doll and the phrase Wishing Doll. The phrase is common. The Japanese have a
26 traditional daruma wishing doll, and in Hawaii, it is the coconut wishing doll. The phrase
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1 is a short story and a song. *See* Declaration of Richard W. Pierce. The idea of a wishing
2 doll made from boyogo beans is not the idea of Saipan Handicraft, *see* Declaration of
3 Richard W. Pierce, and even if it were, the idea and the general product could not be
4 protected from competition. The purpose of protection is to permit an owner to inform
5 the public of the source of its products, without permitting the owner to exclude
6 competition from functionally similar products. *Jeffrey Milstein, Inc. v. Greger, Lawlor,*
7 *Roth, Inc.*, 58 F.3d 27, 33 (2d Cir.1995).

9 Plaintiff has offered no additional information that BoJoBo dolls bearing a white
10 mouth, a red nose or a Hawaiian styled dress have source identification to Plaintiff, rather
11 than generalized characteristics of the product or like products. If the particular feature is
12 an important ingredient of the product, “the interest in free competition permits its
13 imitation in the absence of a patent or copyright.” *Pagliero v. Wallace China Co.*, 198
14 F.2d 339, 343 (9th Cir. 1952). While that principle may not be applicable to packaging,
15 marketing or names, *see Fabrica Inc. v. El Dorado Corp.* 697 F.2d 890, 895 (9th Cir.
16 1983) (“this court has specifically limited application of the *Pagliero* functionality test to
17 product features”), Saipan Handicraft has shown no evidence that its product features were
18 intended to distinguish it from other doll makers or that the features are any more than
19 that “which constitute the actual benefit that the consumer wishes to purchase, as
20 distinguished from an assurance that a particular entity made, sponsored, or endorsed a
21 product.” *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917
22 (9th Cir. 1980).

23 While the choice of color for a nose or a mouth or a dress could be protected if the
24 protection did not hinder competition and the color provided source identification, Saipan
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1 Handicraft has provided no proof on source identification or competition.. *See generally*
2 *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 164-165, 169 115 S. Ct.
3 1300, 1303-1304, 1306 (1995) ("The functionality doctrine thus protects competitors
4 against a disadvantage (unrelated to recognition or reputation) that trademark protection
5 might otherwise impose, namely, their inability reasonably to replicate important non-
6 reputation-related product features"). Saipan Handicraft has the burden of proof that the
7 color of the product features is non-functional. *Rachel v. Banana Republic, Inc.*, 831
8 F.2d 1503, 1506 (9th Cir. 1987).
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11 **The Court's Preliminary Injunction Should As Is**

12 Saipan Handicraft has submitted no new evidence that would warrant this Court's
13 altering its order of January 17, 2006. If there are entities that copy the Saipan Handicraft
14 name, Saipan Handicraft should identify the entities and seek protection from the Court
15 against those entities. This is no occasion to enjoin activity by other defendants or to
16 expand the preliminary protection afforded Saipan Handicraft.

17 Respectfully submitted this day of May, 2006.

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19 RICHARD W. PIERCE

20 For Kan Pacific Saipan, Ltd.; Arenas
21 Enterprises, Inc.; Commonwealth Pacific
22 International, Inc.; Full House, Inc.; and Ta Bun
23 Kuy
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